

Job Acceptance Factors and Total Rewards Preferences Among Business Students

Undergraduate Thesis

Presented in Partial Fulfillment of the Requirements for
Graduation with Honors Research Distinction in the
Fisher College of Business
of The Ohio State University

Audrey M. Dearing
Graduation with Honors Research Distinction
The Ohio State University
May 2020

Committee Members: Lawrence Inks, PhD, Andrea Prud'homme, PhD,
and Bonnie Schroeder, MS.

Copyright by Audrey M. Dearing
2020

Abstract

Employee turnover is a cost for businesses, and companies should put a strong focus on designing the employee experience in order to attract and retain the strongest available talent, to reduce this cost. This study explores total rewards preferences, which are the aspects of a job offer, both tangible and intangible, among business students at The Ohio State University to determine which aspects of an employment package are most important to students when considering a job offer, along with an exploration of demographic differences in preferences among business students. Data collected through a survey suggests that the most important total rewards factors are salary, benefits, and the perceived culture of the organization. Salary was consistently the most important factor for students. This data can be used to support the design of the total rewards strategy for businesses in order to ensure that time and resources are going toward a total rewards package that will assist in meeting strategic goals.

Table of Contents

<i>Abstract.....</i>	<i>iii</i>
<i>Figures and Tables.....</i>	<i>v</i>
<i>Introduction.....</i>	<i>1</i>
<i>Background</i>	<i>3</i>
Total Rewards Strategy	3
Business Students	4
Generational Expectations	5
<i>Expected Differences in Total Rewards Preferences</i>	<i>7</i>
Differences by Gender	7
Differences by Specialization Within the Business Major	8
Differences by Value Towards Meaningful Work.....	9
<i>Methodology.....</i>	<i>10</i>
<i>Results.....</i>	<i>12</i>
Section 1: Free Response on Important Aspects of The Total Rewards Package.....	13
Section 2: Rating Scale Responses on Total Rewards Factors	15
Section 3: Weighted Breakdown of the Ideal Job Offer	16
<i>Discussion.....</i>	<i>23</i>
<i>Caveats.....</i>	<i>26</i>
<i>Future Research.....</i>	<i>29</i>
<i>Bibliography.....</i>	<i>31</i>
<i>Appendix</i>	<i>34</i>

Figures and Tables

Figure 1. Rating Scale Responses.....	15
Figure 2. Boxplot of Average Percentage Weights by Total Rewards Factor.	16
Figure 3. Mean Percentage Weight for Compensation (Women).	18
Figure 4. Mean Percentage Weight for Compensation (Men).	18
Figure 5. Fitted Regression Line.	22
Table 1. Important Total Rewards Factors (Self-Reported).....	14
Table 2. ANOVA Results. Comparison of Mean Percentage Weights for Total Rewards Factors.	17
Table 3. Tukey HSD results (95% level).....	17
Table 4. Hypothesis Test Results (Female - Male).	18
Table 5. Hypothesis Test Results. Career Advancement Opportunities (Female – Male)	19
Table 6. Response Statistics by Business Specialization.	20
Table 7. ANOVA Results.....	20
Table 8. Parameter Estimates.....	21
Table 9. Analysis of variance table for linear regression model.	21
Table 10. Average Percentage Weights of Importance for Total Rewards Characteristics.	34

Introduction

Total rewards and employee retention are important elements to understand when using organizational behavior concepts to maximize total cost allocation for a business. Research has proven that while rewards (both monetary and non-monetary) do not necessarily lead to higher job satisfaction, there is a direct, positive relationship between rewards and employee retention (Terera & Ngirande, 2014). Therefore, the more satisfied an employee is with their rewards package, the more likely they are to remain at the same organization. Employee retention is important for employers due to the cost of employee turnover. In an analysis of multiple case studies that provide estimates on employee turnover costs, it was reported that for all positions, except executives and physicians (which are roles that require very specific skills), the turnover cost for positions earning \$75,000 a year or less was typically 20% of an employee's annual salary and the median cost of turnover was 21% of an employee's annual salary (Boushey & Glynn, 2012). Therefore, there are substantial tangible costs that show the negative impact of employee turnover.

In addition to the tangible costs of employee turnover, intangible costs can have a negative impact on businesses as well. A case study on employee turnover has identified six additional areas of intangible costs of turnover, including (i) the cost of lost productivity for new employees, (ii) the cost of rework due to increased errors made by new employees, (iii) the cost of increased supervision to coach new employees, (iv) the cost of existing employees working overtime during periods to cover where positions are vacant, (v) the cost of lost productivity from stress placed on remaining employees due to changes in staffing, and (vi) the cost of reduced performance of an employee in the time before he or she terminates employment (Hillmer et al., 2004). Along with these costs, employee turnover may impact retention of other key employees if employees decide to also leave a company, loss of key employees can result in loss of key knowledge that may be difficult to replace, and corporate image has a direct negative correlation with employee turnover (Riordan et al., 1997). All of these drive a need for companies to put a strong focus on minimizing employee turnover.

In order for employers to minimize employee turnover, it is important that they are providing a workplace experience that retains workers. By understanding the total rewards package that prospective employees are looking for, employers will be able to provide a desirable work experience and improve workers' satisfaction. The total rewards package is defined as the sum of all the things in the work experience that affect or are available to an employee. According to Gross and Friedman (2004), rewards encompasses the overall value proposition that the employer offers to the employee, and includes 3 parts: compensation, benefits, and career development. Total rewards can include monetary gains, such as compensation and bonuses, as well as non-monetary gains, such as organizational culture and work meaningfulness. Total rewards preferences vary dependent on the individual.

There are few studies that investigate how personal preferences relate to job acceptance decisions. Additionally, it is notable that there is no information on how job acceptance intentions are converted into job acceptance decisions (Turban et al., 1995). This may be due to how decision factors for individuals can vary from employee to employee. For example, even though someone may want to choose a job based on the type of work they are doing and the salary, their final decision may be influenced, or limited, by a number of intrinsic and extrinsic motivations.

This research aims to provide a deeper look into patterns of total rewards preferences among business students, thus contributing valuable information for businesses about what might attract prospective employees and how to design the total rewards package based on the type of student that the employer is looking to hire. The research will break down patterns in total rewards preferences across all business students, as well as patterns in preferences grouped by major and gender. The research will also further explore whether past patterns in total rewards preferences are still reflected today. The data that has been gathered is captured entirely from responses from students of The Fisher College of Business at The Ohio State University. Although the data captures information from students at multiple levels in their undergraduate degree, as well as students across a number of demographics, it is understood that there may be bias in responses due the singular educational institution of the students.

Background

Total Rewards Strategy

The total rewards package has been defined as the sum of all the things in the work experience that affect, or are available to, an employee, including, but not limited to compensation, benefits, and career development (Gross & Friedman, 2004). Compensation includes base pay, overtime pay, short-term incentives, profit sharing, long-term incentives, and other lump sums (Gross & Friedman, 2004). Benefits may include retirement programs or contributions, health care, paid time off, income protection, death benefits, work/life programs, nontraditional benefits, and other human resource policies (Gross & Friedman, 2004). Career development may include skills enhancement training/development, career opportunities, employment stability, and other elements determined by the nature of the work (Gross & Friedman, 2004).

A successful total rewards strategy should meet a number of goals: it should be affordable and sustainable, connect with the business strategy, generate maximum return on investments from the reward program, and support the “employment brand” (Gross & Friedman, 2004). The employment brand should influence employee behaviors and attitudes; therefore, the design of the total rewards package should be driven by alignment with the business strategy and dependent on a firm’s specific goals. In addition, it should be used to attract high potential employees that supports the business strategy in order to maximize employee effectiveness and minimize employee turnover. Organizations should focus on a total rewards strategy that assists them in meeting their organizational goals; an organization should not simply focus on industry best practices or what may be typical within total rewards.

However, when considering all of the above drivers, employee preferences has not been mentioned as a driver for the development of the total rewards package. Currently, many of the traditional total rewards approaches and models do not address employee preferences (Cox et al., 2010). Two of the biggest challenges that rewards professionals face in addressing the challenge of considering employee rewards preferences are the question of how to customize reward systems across a workforce and how to ensure that managers deliver both the financial and nonfinancial elements of the package as intended (Cox et al., 2010). In

addition to creating a total rewards package that aligns with the business strategy, employers should also focus on a total rewards strategy that allows the employer to customize their offerings toward employee personal preferences and ensure that elements of the total rewards package are being delivered.

Overall, the total rewards package is important in driving employee retention. Therefore, companies should develop their total rewards strategy around driving employee retention and meeting business goals. However, there is limited research on the direct impact of employee preference on the total rewards package. This research aims, therefore, to develop any patterns within total rewards preferences that may be effective in driving consistent response to personal preferences among employees, all in order to address the question of how to customize rewards across a workforce.

Business Students

When exploring total rewards preferences among business students, it is important to note some of the distinctive patterns that define these students. A study of nearly 5,000 college students across all majors showed that the three factors that most directly impacted college student's choice of major were the major's match with the student's interests, a job's characteristics, and attributes of the major (Beggs et al., 2006). In a comparison of business majors across universities students were asked to rank these factors, on a value of importance relative scale of 1-100 (100 highest); the three highest ranked factors of importance for students were (i) how well the major matches with their personal interests and/ or strengths (average rating = 86.99), (ii) job characteristics such as availability of jobs, flexibility of jobs, and career paths (average rating = 77.35), and (iii) attributes of the major and program (average rating = 74.97) (Beggs et al., 2006). Another study of business students across universities showed that the top five reasons for students to choose to pursue a business degree were (i) interest in career associated with the major (30.2%), (ii) good job opportunities (20.5%), (c) "good fit" with respondent abilities (13.2%), (d) desire to run a business someday (11.2%), and (iii) projected earnings in the related career (8.7%) (Kim et al., 2010). Additionally, business majors prove to be a rather homogenous group across specific specializations within the

broader business major with regards to factors that influence choice of major and perceptions of future work (Easterling & Smith, 2011). Both of these studies show that the choice of business as a major is strongly influenced by extrinsic rewards that students expect to receive when they are working in their field of study.

Business students also have a number of similarities in their personality types that distinguish them from other majors. A study suggests that business students perceive themselves as highly conscientious, emotionally stable, extraverted, assertive and tough-minded, but students rated themselves lower on agreeableness and openness (Lounsberry et al., 2009). Similar personality traits may also drive similarities in preferences among business students.

Generational Expectations

Extensive prior research has suggested that different generations of potential employees have similarities and differences when it comes to workplace values and preferences, but many authors argue that more similarities exist than differences (Martin & Otteman, 2016). In 2016, millennials became the largest generation in the workforce, and in 2018, the workforce was comprised of 2% silent generation (also known as Traditionalists, born 1928-1945), 25% baby boomers (born 1946-1964), 33% Generation X (born 1965-1980), 35% millennials (born 1981-1996) and 5% post-millennials, or Generation Z (born 1997 and beyond) (Fry, 2018) (*Generations and Age*, 2020).

Hypothesis 1: The three most important total rewards factors for all students will be (i) salary, (ii) employee benefits, and (iii) the perceived culture of the organization

In a study of the most important workplace preferences across baby boomers, Gen Xers, and millennials, it was found that salary was the most important motivator for all three generations (Muthu & Ya Yee, 2011). Following salary, employee benefits was the second most important for millennials and Generation X, job security was the second-most important for baby boomers, and the work environment was the third most important for all three generations. Due to the large age gap between baby boomers and Generation Z, it would be

expected that Generation Z would more closely follow the patterns for millennials and Generation X. Therefore, it would be expected that students within Generation Z would place the highest value on (i) salary, (ii) benefits, and (iii) the work environment. Within this study, the work environment has been further expanded to be defined as the perceived culture of the organization, in order to additionally include anything about the physical and social environment of the organization.

Other research suggests other similarities and differences across generations. According to research exploring differences across four generational cohorts (Traditionalists, baby boomers, Generation X, and Millennials), the most important factors for attracting and retaining millennials include long-term career development and multiple training experiences within a single company, a sense of purpose and meaning in the work experience, availability and access to mentors, work/life flexibility, and a tech-savvy work environment (Martin & Otteman, 2016). It is important to note that this research did not discuss the importance of salary for any of the generational groups. In addition, millennials' job satisfaction is strongly negatively impacted by long working hours, lack of flexibility with irregular schedules, and lack of one-on-one support (Campione, 2015). However, the largest portion of current business students fall into Generation Z, for which there is limited research. Preferences for total rewards factors within Generation Z will be impacted by differences that define the generation. Generation Z is defined by their ethnic diversity and technological sophistication, and according to previous research, Generation Z values independence within the workplace, a culture where their opinion is valued, multiple professional development opportunities, and work-schedule flexibility (Singh & Dangmei, 2016).

Differences between values for Generation Z and other generations may be due to generational differences, but differences may also be due to limited levels of work experience due to their age. This research will assist in determining whether Generation Z reflects similar interests to millennials, with an importance put on schedule flexibility, career and professional development opportunities, and personal meaningfulness of work. This research will also help to define patterns within total rewards factors and important aspects of a job offer for

Generation Z, since this information does not currently exist due to the fact that this generation is just entering the job market.

Expected Differences in Total Rewards Preferences

Differences by Gender

Hypothesis 2: Male and female students will place equally high importance on salary

A number of studies have been conducted on the differences between men and women in terms of total rewards and job acceptance factors. Prior studies have found mixed results, but often limited differences, in job inputs dependent on gender, including no significant difference in performance expectations, work experience, work flexibility, and work commitment (Heckert et al., 2002). Therefore, based on past research it is expected that males and females will not show a significant difference for preferences toward schedule flexibility.

A number of other areas also have inconclusive results, with some studies finding significant differences and some studies finding no significant differences. These inconclusive results exist for gender differences over the importance of salary, promotion opportunities, job security, decision freedom, frequent feedback, high status, friendly coworkers and supervisors, important work, and family accommodations (Heckert et al., 2002). However, Heckert's study moved forward to focus on differences in salary expectations specific to college men and women, across a wide variety of majors, and in this study women estimated a lower starting salary than men, both for themselves and for others. In addition, women indicated that salary had less of an influence on their career choice than men indicated, but men and women appeared to be consistent overall in terms of the relative importance of job characteristics, with differences being in the exact ratings. Therefore, although men and women may have different salary expectations, the importance of salary is still expected to remain consistent.

If these hypotheses remain consistent, it should be predicted that this research will result in general similarities between male and female students, with an expected difference in the overall rating of importance of salary and of advancement opportunities between men and

women. The importance of salary to all students should be taken seriously. According to a study on the importance of pay as a motivator and discrepancies between what people say and do, there is overwhelming evidence that money is a strong motivator for most people and that employees are not over-reporting the importance of pay, despite some patterns in Human Resource Management beliefs (Rynes et al., 2004). Thus, salary is expected to be an important motivator for students.

Hypothesis 3: Male students will place a higher importance on career advancement opportunities than female students

In terms of career advancement, men continue to dominate the realm of holding top management positions over women. Currently, women hold only hold approximately 5.8% of CEO positions, 26.5% of executive/ senior-level official and manager positions, and 36.9% of first/mid-level official and manager positions in S&P 500 companies ("Pyramid," 2020). Therefore, since men are historically and currently more likely to advance their careers to higher levels, this research will explore whether men will place a higher level of importance on career advancement opportunities than women.

Differences by Specialization Within the Business Major

Hypothesis 4: Finance majors will place a higher importance on salary than students from other business majors

Limited research is also available on how preferences differ among varying business majors. According to research on business majors across universities, it was found that the third highest-ranked reason for finance majors to study finance was projected earnings, whereas projected earnings was ranked fifth by all other majors (Kim et al., 2010). In addition, Kim stated, "Finance majors considered projected earnings more important than good fit with ability or than the desire to run their own business someday." Therefore, these results would imply that finance majors will put a higher importance on salary.

Differences by Value Towards Meaningful Work

Hypothesis 5: There will be an inverse relationship between the importance of personal meaningfulness of work and salary

Work meaningfulness has been defined as the “degree to which an employee experiences the job as one which is generally meaningful, valuable, and worthwhile” (Hackman & Oldham, 1980). In addition to relationships between demographic qualities and total rewards preferences, it is expected that people who place a higher value on meaningful work will place an overall lower value on salary. In a study exploring the relationship between meaningful work and acceptable salary, it was found that, on average, participants reported minimum acceptable salaries that were 32% lower for personally meaningful jobs compared to jobs that were perceived as personally meaningless (Hu & Hirsh, 2017).

Methodology

Data was collected through a voluntary digital survey of undergraduate students in the Fisher College of Business at The Ohio State University (Columbus Campus). Of the total students within Fisher at the time the survey was sent, 58.9% are reported as upper division (3+ years of school), 40% are women, and 16% are international students (*Undergraduate Programs Class Profile*, 2020). The sample was collected randomly through a number of virtual distribution channels. All responses were anonymous and voluntary, as no incentive was offered for completion of the survey. 335 students began the survey, and the sample consisted of 126 completed responses, resulting in a response rate of approximately 10%. Of these responses 72.2% of students were upper division (3+ years of school), 59.5% were women, and 8.7% were international students. Information was also collected on age, specialization, ethnicity, and years of work experience.

The survey was separated into four sections. Section 1 was a free response test where students were given the definition of total rewards, then were asked to freely list as many factors within the total rewards package which they believed to be most important to them. Since the students were not given prompts beyond the definition of total rewards, this required them to determine the rewards on their own. The students were asked not to change their answers within this section once continuing through the survey, in order to limit bias within responses that could be caused by the lists of total rewards preferences that would follow. In Section 2, students were asked to rate 19 different total rewards factors on a rating scale of *Essential*, *Very Important*, *Important*, *Slightly Important*, or *No Opinion*. In Section 3, students were asked to report on their ideal job offer by assigning percentage weights to each of 10 total rewards characteristics, dependent on the individual factor's level of importance. The percentage weights were required to sum to 100 percent in order for students to prioritize which factors they would find to be most important within a job offer, and in order to be able to compare the weights assigned across factors within one response. Only responses that added up to 100% were included in the analysis (93.7% of total responses). Section 4 collected demographic data on students' specialization, years of education, years of work part-time and

full-time experience, age, gender, and primary citizenship. This data was used to determine which total rewards factors are most important to business students.

In addition to a holistic review of responses, the following hypotheses were explored:

- **Hypothesis 1:** The three most important total rewards factors for students will be (i) salary, (ii) employee benefits, and (iii) the work environment
- **Hypothesis 2:** Male and female students will place equally high importance on salary
- **Hypothesis 3:** Male students will place a higher importance on career advancement opportunities than female students
- **Hypothesis 4:** Finance majors will place a higher importance on salary than students from other business majors
- **Hypothesis 5:** There will be an inverse relationship between the weight of importance placed on personal meaningfulness of work and salary

Results

Hypothesis 1: The three most important total rewards factors for all students will be (i) salary, (ii) employee benefits, and (iii) the work environment

Although the data does not show significant patterns of difference between groups based on demographic information, there is important information to be gained from this research. Results from the survey show that, overall, students place the highest value of importance on compensation when considering total rewards and evaluating a job offer. The results from Sections 1 and 3 of the survey show that importance of salary is more commonly mentioned and weighted higher than all other total rewards characteristics, showing that salary is the most important aspect of a job offer for business students. Salary received both the highest average percentage weight and was mentioned the most (by 81% of students) when students were initially asked to list the total rewards aspects that are most important to them (*Table 1*). In addition, 77.8% of students ranked salary as *Essential* or *Very Important* on the rating scale responses (*Figure 1*).

After salary, students value the general benefits offered within a total rewards package. In section 1, *Other Benefits* referred to responses about time off, maternity leave, housing benefits, and any mention of benefits in broad terms. Section 1 showed that general benefits were mentioned as important by 69% of students, resulting in being the second-highest mentioned factor (*Table 1*). In Section 2, other benefits (vacation time, flexible schedule, and workload) were ranked as either *Essential* or *Very Important* by 64% of students (*Figure 9*). In Section 3, the benefits package (healthcare, yearly bonus, 401k, stock options, etc.) was given an average weight of 13.03%, making it the second highest ranked total rewards factor (*Figure 2*). Overall, the general benefits package is important to business students.

Another total rewards factor that was deemed to be valuable for students was the perceived culture of the organization. In Section 1, 60% of respondents mentioned something about the culture of the organization as important. In Section 2, 85% of students listed the perceived culture of the organization as *Essential* or *Very Important*, resulting in this total rewards factor having the highest total number of *Essential* and *Very Important* rankings.

However, Section 3 showed perceived culture to be ranked with lower overall importance, with the 6th highest average weight within the total job offer (Mean = 8.55 percent).

With these three factors being the most relevant throughout the data, **Hypothesis 1** is supported, and the most important total rewards factors for students within Generation Z remain consistent with the most important factors for Millennials and Generation X.

Section 1: Free Response on Important Aspects of The Total Rewards Package

At the beginning of the survey, respondents were provided with the definition of total rewards and asked to list out all aspects of the total rewards package that they believe to be important to them. Students were able to list as many factors as they found to be important. 465 total rewards factors from 118 students were sorted into 13 categories, shown in *Table 1*. Responses from the 8 other students were not captured due to no response. The number of students who mentioned each factor includes a count of students who mentioned that factor at least once (each person could include as many factors as they wanted, so the total exceeds the number of respondents). Perceived culture captures any responses pertaining to work-life balance, social culture, collaboration and teamwork, diversity and inclusion, and relationships within the organization. General benefits refer to responses about time off, maternity leave, housing benefits, and any mention of benefits in broad terms. Career advancement opportunities refers to anything relating to vertical growth and promotion, or advancement within the company. Professional development opportunities relate to additional training and mentorship.

Table 1. Important Total Rewards Factors (Self-Reported).

Total Rewards Factor	Number of Students Who Mentioned Factor	Percent of Total
Base Compensation	96	81%
General Benefits	82	69%
Perceived Culture	71	60%
Healthcare Benefits	44	37%
Location	29	25%
Retirement Options	26	22%
Career Advancement Opportunities	24	20%
Professional Development Opportunities	23	19%
Flexible Schedule	21	18%
Short-Term Incentives	18	15%
Personal Alignment with Company Mission	2	1.7%
Option to Work Remotely	2	2.5%
Personal Alignment with Company Values	1	0.8%

Section 2: Rating Scale Responses on Total Rewards Factors

In the second section, students were asked to respond on a rating-scale with their deemed importance of each total rewards characteristic, by responding with *Essential*, *Very Important*, *Important*, *Slightly Important*, *Not at All Important*, or *No Opinion*. Figure 1 reports students' responses.

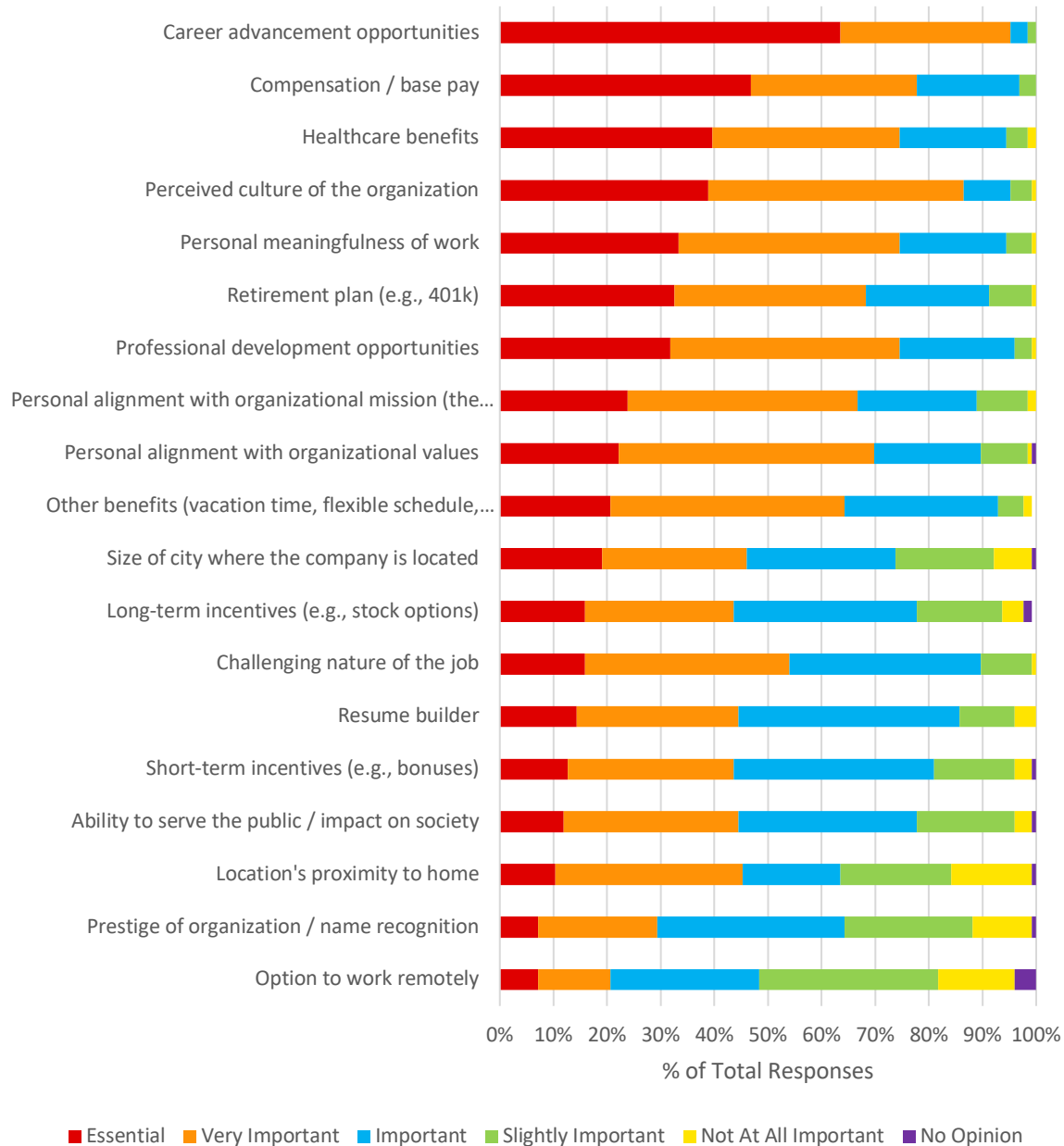


Figure 1. Rating Scale Responses.

Section 3: Weighted Breakdown of the Ideal Job Offer

Survey respondents were given the following prompt: *“Imagine you are evaluating a job offer that you are considering accepting after graduation. In your ideal job offer, assign a percentage weight aligned to the characteristics that are most important to you. Make sure that your percentages add up to 100%.”* Figure 2 shows the spread of responses and reports that students ranked compensation as most important (Mean = 21.99%), followed by the benefits package (healthcare, yearly bonus, 401k, stock options, etc.) (Mean = 13.03%) and career advancement opportunities (Mean = 12.31%). Some factors were grouped together in order to account for the limited amount of weight that students could assign.

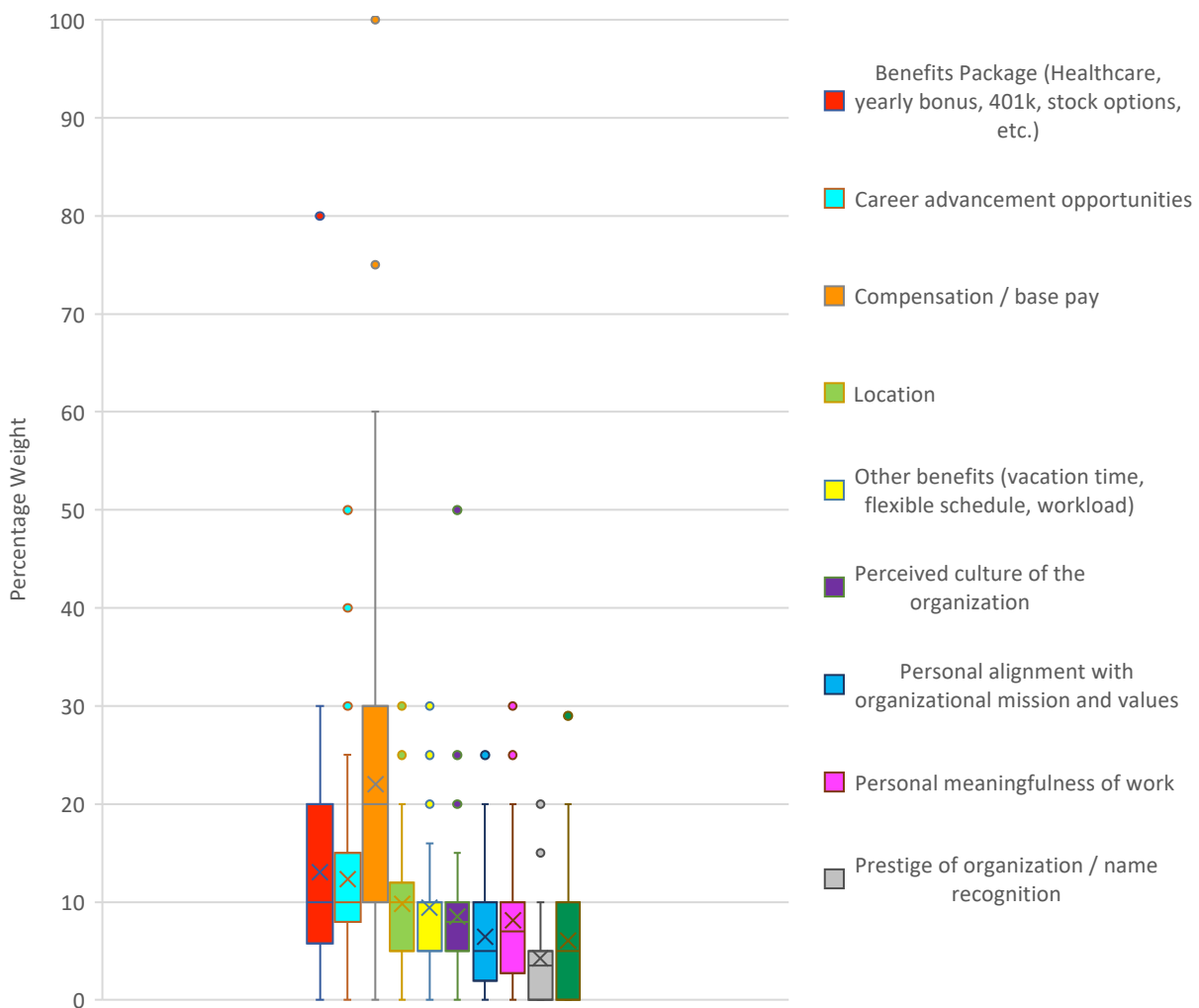


Figure 2. Boxplot of Average Percentage Weights by Total Rewards Factor.

An Analysis of Variance (ANOVA) test, shown in *Table 2*, resulted in significant evidence that not all means for each total rewards factor are the same ($F = 48.625$, $P < 0.0001$). The Tukey HSD Interval results (*Table 3*) shows that the percentage weight for compensation is significantly higher than all other total rewards characteristics.

Table 2. ANOVA Results. Comparison of Mean Percentage Weights for Total Rewards Factors.

Source	DF	SS	MS	F-Stat	P-value
Columns	9	28330.423	3147.8248	48.625128	<0.0001
Error	1248	80791.259	64.736586		
Total	1257	109121.68			

Table 3. Tukey HSD results (95% level).

Percentage Weight for compensation, subtracted from

	Difference	Lower Confidence Limit	Upper Confidence Limit	P-value
Percentage Weight - Location	-12.20	-15.415	-8.989	<0.0001
Percentage Weight - Other benefits (vacation time, flexible schedule, workload)	-12.55	-15.768	-9.342	<0.0001
Percentage Weight - Perceived culture of the organization	-13.44	-16.657	-10.231	<0.0001
Percentage Weight - Personal alignment with organizational mission and values	-15.48	-18.699	-12.260	<0.0001
Percentage Weight - Personal meaningfulness of work	-13.80	-17.019	-10.580	<0.0001
Percentage Weight - Prestige of organization / name recognition	-17.75	-20.970	-14.545	<0.0001
Percentage Weight - Professional development opportunities	-15.92	-19.137	-12.711	<0.0001

Hypothesis 2: Male and female students will place equally high importance on salary

Previous research has suggested that there are differences in the weight of importance placed on salary between men and women. A two-sample T- test was used to compare the average percentage weight assigned to base compensation/salary indicated by men and women. Although the mean is slightly higher for men (Mean = 24.078) (*Figure 4*) than for women (Mean = 20.573) (*Figure 3*), the test results below show no significant difference between the weight assigned to compensation for men and women ($T = -1.318$, $P = 0.1899$) (*Table 4*). Therefore, men and women can be viewed as seeing compensation as equally important, and therefore **Hypothesis 2** is not supported by the data, and there is no significant difference between the importance placed on salary for men and women.

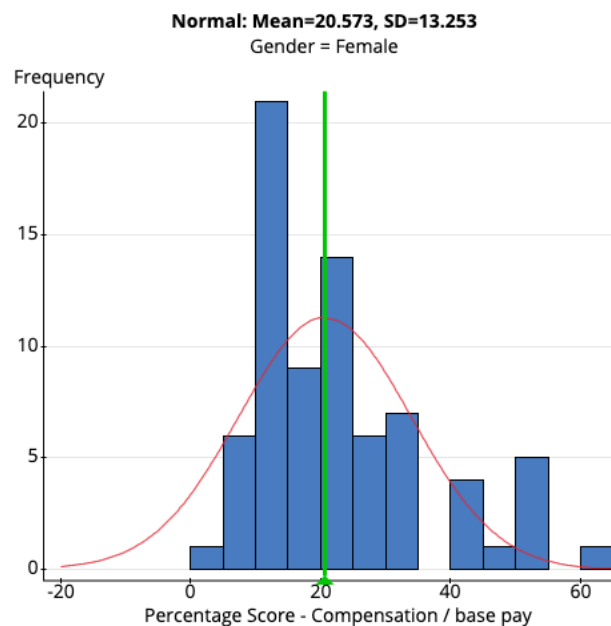


Figure 3. Mean Percentage Weight for Compensation (Women).

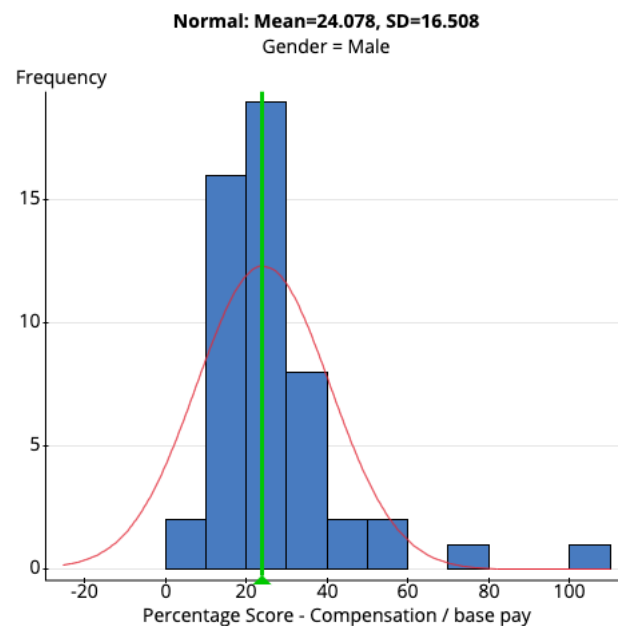


Figure 4. Mean Percentage Weight for Compensation (Men).

Table 4. Hypothesis Test Results (Female - Male).

Difference	Sample Diff.	Std. Err.	DF	T-Stat	P-value
$\mu_F - \mu_M$	-3.505098	2.6594733	124	-1.317967	0.1899

Hypothesis 3: Male students will place a higher importance on career advancement opportunities than female students

Previous research has shown that men hold a higher number of upper-level and management positions than women. A two-sample T- test was used to compare the percentage weight assigned to the importance of career advancement opportunities between male and female students, and to explore whether the low number of women in management positions could be influenced by differing priorities between men and women. Following the analysis, **Hypothesis 2** is not supported by the data, and even though the mean for men was slightly larger (Mean = 13.47) than the mean for women (Mean = 11.53), there is no statistically significant difference between the two groups (T = -1.204, P = 0.2308), as seen in *Table 5*.

Table 5. Hypothesis Test Results. Career Advancement Opportunities (Female – Male)

Difference	Sample Diff.	Std. Err.	DF	T-Stat	P-value
women=men	-1.944	1.614	124	-1.204	0.2308

Hypothesis 4: Finance majors will place a higher importance on salary than students from other business majors

Prior research has suggested that finance majors put a higher value on projected salary than all other business specializations (Kim et al., 2010). A one-way ANOVA was run to determine whether a significant difference in the percentage weight assigned to compensation existed between any of the business specializations. Due to limitations on sample sizes across majors, any responses within economics, human resources, information systems, insurance, international business, or logistics management, as well as anyone with two specializations which were both outside of finance, were classified within the factor *Other*, as seen in *Table 6*. The results showed no significant difference across business specialization (F = 1.367, P = 0.2495) (*Table 7*). Therefore, **Hypothesis 4** is not supported by the data and there is no significant difference in the value of importance for compensation across the different business

specializations. Instead, the highest average weight assigned to compensation was by operations management majors (Mean = 26.667), followed by accounting majors (Mean = 26.444).

Analysis of Variance results:

Responses: Percentage Weight - Compensation / base pay

Factors: Business Specialization

Table 6. Response Statistics by Business Specialization.

Business Specialization	n	Mean	Std. Dev.	Std. Error
Accounting	18	26.444	14.991	3.533
Finance	34	22.412	16.730	2.869
Marketing	30	18.667	12.861	2.348
Operations Management	15	26.667	17.389	4.490
Other	29	19.759	11.562	2.147

Table 7. ANOVA Results.

Source	DF	SS	MS	F-Stat	P-value
Business Specialization	4	1167.002	291.7505	1.3667	0.2495
Error	121	25829.99	213.471		
Total	125	26996.992			

Hypothesis 5: There will be an inverse relationship between the importance of personal meaningfulness of work and salary

A simple linear regression was run to determine the relationship between the weight placed on compensation and the weight placed on personal meaningfulness of work. One outlier was removed in order to improve the fit of the line, where the value placed on salary was 100, thus forcing the value placed on meaningful work to be 0. The regression results in

Table 9 showed a significant inverse linear relationship between the percentage weight assigned to compensation and the percentage weight assigned to personal meaningfulness of work ($F = 37.78$, $P < 0.0001$) (*Table 9*). However, the relationship between the two variables is relatively weak ($R\text{-Squared} = 0.2365$). The high significance level suggests a relationship, but the low $R\text{-squared}$ value suggests that minimal variation is explained by the model. The significance is likely due to the intrinsic negative relationship that is built into the model. Since students are adding up the total percentage to 100%, putting a higher weight on one total rewards factor will then constrain the weight of other factors, resulting in the relatively linear relationship.

Simple linear regression results:

Dependent Variable: Personal meaningfulness of work

Independent Variable: Compensation

Personal meaningfulness of work = $-0.2493(\text{Compensation}) + 13.60$

Sample size: 124

Table 8. Parameter Estimates.

Parameter	Estimate	Std. Err.	Alternative	DF	P-value
Intercept	13.60	1.105	$\neq 0$	122	<0.0001
Slope	-0.2943	0.04056	$\neq 0$	122	<0.0001

Table 9. Analysis of variance table for linear regression model.

Source	DF	F-stat	P-value
Model	1	37.78	<0.0001
Error	122		
Total	123		

Summary of fit:

R (correlation coefficient) = -0.4863

R-sq = 0.2365

Estimate of error standard deviation: 5.853

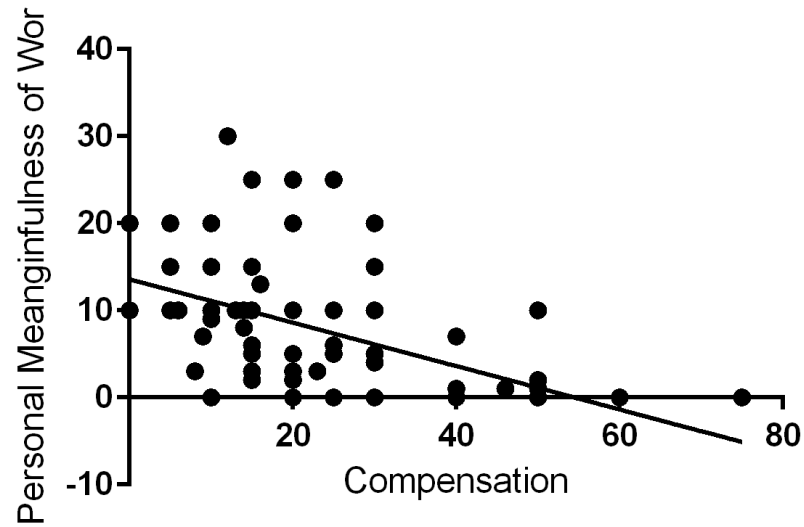


Figure 5. Fitted Regression Line.

Discussion

Through these analyses, a number of conclusions can be drawn about the most important total rewards factors that influence a student's view of a job. In the free-response Section 1, more students (76%) mentioned salary as an important factor than any other. The next two most important factors based on the number of times they were mentioned by students are general benefits (71%) and perceived culture of the organization (63%).

In the rating scale test (Section 2), 63.5% of students reported career advancement opportunities as *Essential*, and over 75% of students responded *Essential* or *Very Important* for (i) career advancement opportunities, (ii) compensation/base pay, (iii) healthcare benefits, (iv) other benefits (vacation time, flexible schedule, workload), (v) perceived culture of the organization, (vi) personal alignment with organization mission, (vii) personal alignment with organizational values, (viii) personal meaningfulness of work, (ix) professional development opportunities, and (x) the retirement plan. There were no total rewards factors that a majority of students reported as *Slightly Important* or *Not at All Important*, meaning that the students still found value in all factors being presented.

In the percentage weight test, students placed a significantly higher weight on compensation (Average = 21.99) than all other factors. The next two highest weighted factors were the benefits package (healthcare, yearly bonus, 401k, stock options, etc.) (Average = 13.03), and career advancement opportunities (Average = 12.31). These two factors are not significantly different from each other ($P = 0.995$). There are a number of reasons that could influence the heavy importance placed on salary by students. Some students may be hoping to pay off student debt. Other students may expect to only stay at their first job for a short period of time in order to gain work experience to qualify for other jobs, and therefore may not be as concerned about other factors of the job offer until their second job. Additional factors could impact the importance of salary as well. Overall, these analyses show that salary is the most significant total rewards factor for business students, and that salary is weighted significantly higher than all other factors. Other factors that were ranked highly in at least two of the tests include other benefits (vacation time, flexible schedule, workload), perceived culture of the

organization, the benefits package (healthcare, yearly bonus, 401k, stock options, etc.), and career advancement opportunities.

In addition, there is no evidence of significant demographic breakdowns in the data that were expected based on prior research. The hypothesis test results show there was not a significantly different weight placed on salary between males and females ($P=0.1899$). The hypothesis test results below show no significant difference for students studying finance compared to students within all other business specializations (0.2495). Since there was not enough data on international students collected in the sample, it is not possible to draw conclusions based on this demographic. Overall, the business students at the Fisher College of Business are a relatively homogenous group in terms of total rewards preferences. Students may become homogenous due to a number of factors. Students within the business school are influenced by the same coursework and the same guidance, training, and resources for their job search. Additionally, business students share similar personality types and often study business due to the expected job prospects, and salary and benefits may be a more concrete definition of the expected job prospects. Business students could also be driven by a sense of competition among their peers, resulting in a desire to receive the “best” job offers, which may be easily measured by salary, since there is a strong level of transparency regarding salary data within the school.

The fact that men and women within the business school put a similar value on total rewards factors, including salary and career advancement opportunities, could be impacted by a number of factors as well. Since information about the wage gap between men and women is readily available and often covered within business courses, women may have become hyperaware of wage differences and the importance of salary toward creating more equality within the workforce. Additionally, the homogeneity could be due to the influencing factors from the Fisher College of Business. However, this data provides motivation for businesses to pay employees equally regardless of gender, since salary is equally important regardless of gender.

Generation Z values independence within the workplace, a culture where their opinion is valued, opportunities for professional development, and work schedule flexibility (Singh &

Dangmei, 2016). Differences between values for Generation Z and other generations may be due to Generation Z's upbringing during a time of dramatic changes in society that are driven by technology, but differences in values may also be due to limited levels of work experience due to their relatively young age. Previous research suggested that both Generation Z and millennials value professional development opportunities, but millennials also placed a strong importance on personal meaningfulness of work. There is no current research that suggests that Generation Z requires a personal meaningfulness of work within their job, and the value placed on personal meaningfulness of work to Generation Z is still unclear. Personal meaningfulness of work was not mentioned by any of the respondents when they were asked to freely list aspects of the total rewards package that they believe to be important, but 75% of respondents reported that this factor was either *Essential* or *Very Important* (Table 10) when given the prompt to select this factor. Additionally, the results do not show a strong relationship in whether students who value personal meaningfulness of work more may value salary less. If students find both factors to be important, this information is relevant. Often, mission-based companies would attract talent based on finding personal value in the work that employees would be doing, but there may not be many business students that are willing to take a lower-paying job based on the impact of the work. More research would need to be explored to determine how much Generation Z values a personal meaningfulness of work.

Not only are aspects of the total rewards package important, but recruiting practices are important as well. In one study, 83% of participants agreed or strongly agreed that how they were treated during recruitment was important to job choice, and no students strongly disagreed (Boswell et al., 2003). Additionally, interviewer behavior had an impact on students' overall job decisions.

These results are relevant for companies who are interested in recruiting business students. Since salary, benefits, and perceived culture are overwhelmingly important total rewards factors for this type of potential employee, these areas should be focused on when developing the total rewards strategy and the job offer. Students may also be more attracted to companies that have a strong perceived culture and are currently less concerned about having the option to work remotely, although changes in cultures of organizations could have an

inherent impact on being able to offer the option to work remotely without increasing costs. This could be driven by a number of factors, such as a desire to create strong social relationships within the office, or less likelihood of having external circumstances, such as with family, that would be driving a need for flexibility.

Since there was still variation in which factors individual students found to be most important, but the variation is not due to predictable patterns (instead due to individual preferences), it would be difficult to design a job offer based on the talent that a company is trying to attract, such as if they are trying to hire a certain major or increase diversity. Instead, it is recommended that companies instead pursue a total rewards strategy where the company can provide flexibility within their offerings to employees. For example, if there is transparency in how an employee's salary can be higher if they choose to opt out of other aspects of the benefits package or job offer, a prospective employee may be more attracted to that job offer. If these advantages are not communicated effectively within the interview process, they may not have the same impact.

In addition, since the sample of students has limited work experience, they may have a more limited understanding of how much they would truly value different aspects of the total rewards package. Only 8% of respondents have more than two years of full-time work experience (defined as more than 30 hours of work per week), and 48.4% of students reported less than two years of full-time experience. Otherwise, most other students (38%) had part-time experience, and 5.6% percent of students had no work experience. Even a few additional years of work experience may dramatically effect preferences among employees. However, since the purpose of this research is to understand how to attract talent specific to entry-level positions for students straight out of college, this research still supports the use of a flexible job offer with a strong emphasis placed on salary in order to attract college graduates.

In addition to analyzing the data collected from the individual tests within the survey, it is important to note how students' responses vary from one section of the survey to the next. In the first section of the survey, students were providing an impromptu list of total rewards factors that they would find to be important, in the second section, they were evaluating a comprehensive list of individual total rewards factors. In the third test, students were

ultimately forced to make decisions about which factors are most important based on a hypothetical job offer. Individuals did not maintain the same ratings or ranking for which total rewards factors were most important from section-to-section. These discrepancies bring up an important question for businesses and recruiters about whether the total rewards factors that draw in a prospective employee are the same factors that motivate prospective employees to sign an offer. For example, a student may say that career advancement opportunities are essential, but when it comes down to actually signing a job offer or choosing between multiple job offers, salary may be a more defining factor for students. It would be valuable for future research to further explore the relationship between job offer priorities and job acceptance decisions among college students. Since these discrepancies exist, a deeper understanding of students' motivations would be necessary for companies to best be able to design their total rewards strategy.

Caveats

There are a number of limitations to consider in the analysis of this data. One item to consider is the relatively small sample size of 126. With the collection of more data, the results may shift. In addition, the majority of responses are upper division students. This may be due to the fact that the content of the survey was more relevant for students more likely to be considering or concerned about post-graduation job offers and who may have a better idea of their intended career. This may be beneficial since upperclassmen students would be closer to graduation and would likely have a more developed idea of what they are looking for in a job along with more work experience, but it should be noted that this causes the breakdown of the sample to be slightly different than the population. Within the Fisher College of Business, 16% of students are international students, but the sample only contains 8.6% international students (*Undergraduate Programs Class Profile*, 2020). Due to the limited number of international students, conclusions could not be drawn on this demographic. The Fisher College of Business is comprised of 40% women, but the study's sample group was slightly higher, with 58% of respondents being women. Lastly, since the sample was collected only from the Fisher College of Business at The Ohio State University, responses may be influenced by cultural or social factors that are specific to this group of students and may not be prevalent at other universities.

In addition, the analysis may be influenced by the different breakdowns of other benefits or general benefits into multiple categories, as this may have impacted students' ratings of importance. Since students were given vacation time, flexible schedule, and workload as a group within other benefits, there is not as much clarity on each student's value on these benefits specifically. For example, the study would not allow for distinguishing when a student may find a flexible schedule to be very important but may find vacation time to be slightly important.

Future Research

Finally, it is important to consider the impact of the collective results of the three sections of the data. While there are a number of factors that students may deem to be important, their priorities may shift significantly once considering an actual job offer. For example, career advancement opportunities were reported as *Essential* (63% of total students) or *Very Important* (32% of total students) by the highest number of students, and perceived culture of the organization was reported as *Essential* (39% of total students) or *Very Important* (48% of total students) by the second highest number of students. However, when asked to assign percentage weights to total rewards factors in order to design the breakdown of the ideal job offer, career advancement opportunities (ranked 3rd, Mean = 12.31) and perceived culture (ranked 6th, Mean = 8.55) fell further behind compensation (ranked 1st, Mean = 21.99) and the benefits package (ranked 2nd, Mean = 13.03) (*Table 10*). More research would be valuable in order to better understand why students were inconsistent in their responses.

A number of reasons could be driving these discrepancies within the data. For example, students may have an intrinsic expectation that a higher salary is innately related to other positive factors, such as company culture and career advancement opportunities, due to an expected flexibility within the company's finances. In contrast to this, students may be less worried about the culture of the organization or overall work experience if they are making a high salary that allows them to find satisfaction outside of their work life. Another possibility to consider would be that students who are starting off their career with a higher salary may find less need for career advancement opportunities and professional development opportunities since they may be less motivated toward promotions. It would also be beneficial to understand students' expectations for their first career, because students may be ranking salary over other aspects if they do not intend to build a long-term career with the first company they work with. More research would be valuable in order to better understand why students see many aspects of the total rewards package as important, but ultimately would focus the most on the financial aspects of the total rewards package.

A number of additional research areas stem from this data as well. Since the research showed no significant differences by gender or major within the Fisher College of Business,

further research could explore how business students compare to students within other majors outside of business. It is also possible that a larger sample size could lead to different conclusions. It would also be interesting to explore how people's preferences change later in their career. Since students have limited work experience, an exploration of how students' total rewards preferences change within a few years, or as they move from entry-level positions to mid-level positions, would be important for better understanding how work experience changes what employees value.

Most importantly, since salary has been shown to be overwhelmingly important among business students, further research should be done to determine whether there is a minimum acceptable salary for students, or what difference in salary would result in a student giving up other important aspects of the total rewards package, whether there is a relationship between salary and hours a student is willing to work, and whether students would be willing to accept a smaller base salary if they expect salary to increase at a faster rate over time, or how salary is impacted by location, such as if students are willing to live in less desirable locations if they are earning more money. Additionally, research into how salary transparency throughout the interview process would be valuable for understanding how companies should communicate the total rewards package.

Bibliography

Beggs, J. E., Bantham, J. H., & Taylor, S. (2006). Distinguishing the factors influencing college students' choice of major. *College Student Journal*, 381–394.

Boswell, W. R., Roehling, M. V., LePine, M. A., & Moynihan, L. M. (2003). Individual job-choice decisions and the impact of job attributes and recruitment practices: A longitudinal field study. *Human Resource Management*, 42(1), 23–37. <https://doi.org/10.1002/hrm.10062>

Boushey, H., & Glynn, S. J. (2012). *There Are Significant Business Costs to Replacing Employees*. 9.

Campione, W. A. (2015). Corporate Offerings: Why Aren't Millennials Staying? *Journal of Applied Business and Economics*, 14(4), 16.

Cox, A., Brown, D., & Reilly, P. (2010). Reward strategy: Time for a more realistic reconceptualization and reinterpretation? *Thunderbird International Business Review*, 52(3), 249–260. <https://doi.org/10.1002/tie.20328>

Easterling, D. S., & Smith, K. J. (2011). Business Student Perceptions Regarding Purpose, Choice of Major, and Future Work: A Factor-Analytic Investigation. *Business Education Digest Foundation*, 18, 25.

Fry, R. (2018). *Millennials are the Largest Generation in the U.S. Labor Force*. Pew Research Center. <https://www.pewresearch.org/fact-tank/2018/04/11/millennials-largest-generation-us-labor-force/>

Generations and Age. (2020). <https://www.pewresearch.org/topics/generations-and-age/>

Gross, S. E., & Friedman, H. M. (2004). Holistic Approach Better Supports Business Success. *Benefits Quarterly*, 8.

Hackman, J. R., & Oldham, G. R. (1980). *Work Redesign*. Addison-Wesley.

- Heckert, T. M., Droste, H. E., Adams, P. J., Griffin, C. M., Roberts, L. L., Mueller, M. A., & Wallis, H. A. (2002). Gender Differences in Anticipated Salary: Role of Salary Estimates for Others, Job Characteristics, Career Paths, and Job Inputs. *Sex Roles*, 13.
- Hillmer, S., Hillmer, B., & McRoberts, G. (2004). The Real Costs of Turnover: Lessons from a Call Center. *Human Resource Planning*, 27(3).
- Hu, J., & Hirsh, J. B. (2017). Accepting Lower Salaries for Meaningful Work. *Frontiers in Psychology*, 8, 1649. <https://doi.org/10.3389/fpsyg.2017.01649>
- Kim, D., Markham, F. S., & Cangelosi, J. D. (2010). Why Students Pursue the Business Degree: A Comparison of Business Majors Across Universities. *Journal of Education for Business*, 78(1), 28–32. <https://doi.org/10.1080/08832320209599694>
- Lounsberry, J. W., Leong, F. T., Smith, R. M., Gibson, L. W., & Levy, J. J. (2009). Personality characteristics of business majors as defined by the big five and narrow personality traits. *Journal of Education for Business*, March/ April, 200–204.
- Martin, T., N., & Otteman, R. (2016). *Generational Workforce Demographic Trends and Total Organizational Rewards Which Might Attract and Retain Different Generational Employees*. Institute of Behavioral and Applied Management.
- Muthu, K., & Ya Yee, T. (2011). An Analysis on Workplace Expectations Among the White Collar Employees Across Baby Boomers, Gen X and Gen Y in Malaysia. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1869381>
- Pyramid: Women in S&P 500 Companies. (2020). *Catalyst*. <https://www.catalyst.org/research/women-in-sp-500-companies/>
- Riordan, C. M., Gatewood, R. D., & Bill, J. B. (1997). Corporate Image: Employee Reactions and Implications for Managing. *Journal of Business Ethics*, 16, 12.
- Rynes, S. L., Gerhart, B., & Minette, K. A. (2004). The importance of pay in employee motivation: Discrepancies between what people say and what they do. *Human Resource Management*, 43(4), 381–394. <https://doi.org/10.1002/hrm.20031>

Singh, D. A. P., & Dangmei, J. (2016). Understanding Generation Z: The Future Workforce. *South-Asian Journal of Interdisciplinary Studies*, 3(3), 6.

Terera, S. R., & Ngirande, H. (2014). The Impact of Rewards on Job Satisfaction and Employee Retention. *Mediterranean Journal of Social Sciences*.
<https://doi.org/10.5901/mjss.2014.v5n1p481>

Turban, D. B., Campion, J. E., & Eyring, A. R. (1995). Factors Related to Job Acceptance Decisions of College Recruits. *Journal of Vocational Behavior*, 47, 193–213.

Undergraduate Programs Class Profile. (2020). The Ohio State University.
<https://fisher.osu.edu/undergraduate/admissions/class-profile>

Appendix

Table 10. Average Percentage Weights of Importance for Total Rewards Characteristics.

Total Rewards Factor	n	Mean	Std. dev.	Min	Max
Compensation / base pay	126	21.99	14.70	0	100
Benefits Package (Healthcare, yearly bonus, 401k, stock options, etc.)	126	13.03	9.54	0	80
Career advancement opportunities	126	12.31	8.91	0	50
Location	126	9.79	6.60	0	30
Other benefits (vacation time, flexible schedule, workload)	126	9.44	5.83	0	30
Perceived culture of the organization	126	8.55	7.55	0	50
Personal meaningfulness of work	126	8.19	6.68	0	30
Personal alignment with organizational mission and values	126	6.51	5.71	0	25
Professional development opportunities	126	6.07	5.26	0	29
Prestige of organization / name recognition	126	4.23	4.58	0	20